

October 2, 2008

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, DC 20554

Re: CC Docket Nos. 96-45 and 02-6: Supplement to Request for Review of the Aldine Independent School District

Billed Entity Number:	141224
Form 471 Application Number:	421086
Funding Request Number:	1160625

Dear Ms. Dortch:

Pursuant to 47 C.F.R. §§ 54.719(c) and 54.722, the Aldine Independent School District (the "District") previously submitted its Request for Review of the Decision of the Universal Service Administrative Company ("USAC") on the above-referenced Application.¹ The District now submits this supplement containing citations and supporting documentation, as well as additional facts and argument.

¹ Solid IT Networks, the District's vendor for the internal connections maintenance services at issue in this appeal, has separately filed its own appeal of the Decision of the Universal Service Administrator.

Factual Background

As discussed more fully in the District's Request for Review, the Schools and Libraries Division of USAC ("SLD") maintains and annually updates its Eligible Services List ("ESL"), setting forth descriptions of the services eligible for funding through the E-Rate Program. The ESL includes, among other products and services, maintenance and technical support services for eligible internal connections components. The ESL in effect for Funding Year 2004 was released on October 10, 2003. Prior versions of the ESL alerted E-Rate Program applicants of clarifications to, and modifications of previous versions of the ESL by featuring the relevant text in bold.² The October 10, 2003 ESL version discontinued this practice, and instead stated that a notation regarding information that had been changed from previous years would be provided in the descriptive information for relevant entries.³

Of particular importance, the October 10, 2003 ESL version also included substantive changes to the description of maintenance and technical support services covered by the ESL, and added requirements that the final contract for services supported by E-Rate funds include the product name, model number and location of the eligible equipment for which requested E-Rate funds would be used.⁴ However, unlike other entries revised from the prior ESL,⁵ the description of eligible maintenance and technical support services did not contain a notation indicating that it changed any requested information for Funding Year 2004, including the documentation requirement that is the subject of the District's appeal.

² See, e.g., October 18, 2002 Schools and Libraries Eligible Services List, available at http://www.usac.org/_res/documents/sl/pdf/ESL_archive/EligibleServicesList_101802.pdf; October 17, 2001 Schools and Libraries Eligible Services List, available at http://www.usac.org/_res/documents/sl/pdf/ESL_archive/EligibleServicesList_101701.pdf; January 24, 2001 Schools and Libraries Eligible Services List, available at http://www.usac.org/_res/documents/sl/pdf/ESL_archive/EligibleServicesList_012401.pdf.

³ See October 10, 2003 Schools and Libraries Eligible Services List, available at http://www.usac.org/_res/documents/sl/pdf/ESL_archive/EligibleServicesList_101003.pdf. On page 1, the List states: "Some eligibility information in this List is a change from prior years and applies to products and service funding requests for Funding Year 2004 and later years. A notation to this effect is provided in the descriptive information for relevant entries."

⁴ Compare October 10, 2003 Schools and Libraries Eligible Services List, at page 20 ("Maintenance and Technical Support" entry) with October 18, 2002 Schools and Libraries Eligible Services List, at page 28 ("Technical Support" entry).

⁵ For example, the entry for "Firewall" on page 19 of the October 10, 2003 ESL contains the notation "(Effective for Fund Year 2004 and later years.)"

For Funding Year 2004, the District requested funding for maintenance services for eligible internal connections equipment within the its facilities.⁶ The District's Application was based on a maintenance contract between the District and its vendor, Solid IT Networks ("Solid IT"), whereby the District would pay per-unit for: (a) any necessary service and replacement parts for all covered equipment; (b) Solid IT's guarantee of an on-site around-the-clock response within four hours of any service request; and (c) access to Solid IT's database of firmware upgrades for the covered equipment.⁷ The contract properly listed the quantity, product name and model number of all eligible internal connections products that were covered, but it did not list the locations of that equipment.⁸ After review of the District's Application by the SLD Program Integrity Assurance Team, SLD approved the District's Application for funding in the amount of \$2,299,352.94, and issued its Funding Commitment Decision Letter on January 11, 2005.⁹ The approved funding was disbursed in accordance with SLD's established procedures.

Between the months of September and November 2006, the District was audited by USAC's Internal Audit Division with regard to Application No. 421086. On the basis of the audits conducted, SLD issued its Notification of Commitment Adjustment Letter and Report reducing the funds disbursed under the District's Application to \$0.¹⁰ The grounds stated for SLD's funding commitment adjustment are that the maintenance contract did not specify the locations of the eligible equipment for which the maintenance was to be provided.¹¹

The District filed its appeal with SLD on October 30, 2007,¹² and thereafter provided supplemental documentation to SLD, including inventory lists demonstrating that the District possessed the eligible equipment covered by its maintenance contract with Solid IT, and

⁶ The District's Application was assigned Application No. 421086, Funding Request No. 1160625.

⁷ See Affidavit of Rose Chavez (Exhibit A) at ¶ 3.

⁸ See Aldine Independent School District and Solid IT Networks, Contract for Services and/or Products for E-Rate Funding Year 2004, dated Feb. 3, 2004. (Exhibit B).

⁹ See Letter from Schools and Libraries Division to Mardee Barnett, Aldine Independent School District (Jan. 11, 2005) ("Funding Commitment Decision Letter") (Exhibit C).

¹⁰ See Letter from Schools and Libraries Division to Mardee Barnett, Aldine Independent School District (Sept. 19, 2007) ("Notification of Commitment Adjustment Letter and Funding Commitment Adjustment Letter") (Exhibit D).

¹¹ See *id.* at 5.

¹² See Letter from Mardee Barnett, Executive Director of Technology Services, Aldine Independent School District to Steve Casavant, Schools and Libraries Division (Oct. 30, 2007) (Exhibit E).

records showing that technical support work was in fact performed by Solid IT on eligible equipment owned by the District. Although USAC determined that the District provided documentation of the specific location of its equipment, USAC further concluded that the District's documentation failed to verify actual maintenance performed on the equipment by Solid IT.¹³ Accordingly, USAC denied the District's appeal, and issued its Demand Payment Letter obligating the District to re-pay all E-Rate funds disbursed pursuant to Application No. 421086, in the amount of \$2,299,352.94.¹⁴

Discussion

In *Bishop Perry*,¹⁵ the Commission determined that many E-Rate Program applicants, in particular, small entities, experience difficulties in the application process for public funds that result in significant numbers of applications for E-Rate Program support being denied for ministerial, clerical or procedural errors. Therefore, the Commission sought to provide relief from those types of errors in the application process, and to promote the purposes of Section 254(h) of the Communications Act of 1934, as amended, by helping to ensure that eligible schools and libraries actually obtain access to discounted telecommunications and information services. To that end, the Commission may waive any provision of its rules on its own motion and for good cause shown.¹⁶

A rule may be waived where the particular facts make strict compliance inconsistent with the public interest.¹⁷ The Commission may consider hardship, equity or more effective implementation of overall policy on an individual basis.¹⁸ In sum, waiver is appropriate if

¹³ See Letter from Schools and Libraries Division to Mardee Barnett, Aldine Independent School District (Jul. 17, 2008) ("Administrator's Decision on Appeal") (Exhibit F).

¹⁴ Letter from Schools and Libraries Division to Mardee Barnett, Aldine Independent School District (Jul. 18, 2008) ("Demand Payment Letter") (Exhibit G).

¹⁵ See *Request for Review of the Decision of the Universal Service Administrator by Bishop Perry Middle School, Schools and Libraries Universal Service Support Mechanism, et al.*, CC Docket No. 02-6, Order, 21 FCC Rcd 5316 (2006) (directing USAC to identify and allow applicants to cure errors related to FCC Form 470 and FCC Form 471 filings and enhance outreach to applicants in order to avoid clerical, ministerial, and procedural errors).

¹⁶ 47 C.F.R. §1.3.

¹⁷ *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990) ("*Northeast Cellular*").

¹⁸ *WAIT Radio v. FCC*, 418 F.2d 1153, 1157, (D.C. Cir. 1969), *affirmed by WAIT Radio v. FCC*, 459 F.2d 1203 (D.C. Cir. 1972), *cert. denied*, 409 U.S. 1027 (1972).

special circumstances warrant a deviation from the general rule, and such deviation would better serve the public interest than strict adherence to the general rule.¹⁹

The District's failure to state information regarding the precise location of its eligible equipment in its maintenance contract with Solid IT was an error made in good faith, and amounts to nothing more than an inadvertent oversight of newly issued requirements that were not specifically designated as such by the ESL in Funding Year 2004. The District now is aware of this documentation requirement, and maintains information regarding the location of its eligible internal connections equipment in the regular course of business. The District also submits for the Commission's consideration documentation of the location of its eligible equipment covered by its maintenance contracts with Solid IT for Funding Year 2004.

The complete inventory of the District's E-Rate funding eligible equipment, appended to the Affidavit of Rose Chavez as Exhibit RC-1, was created during the PIA process for E-rate Funding Year 2005, on the basis of information collected during a physical walk-through inspection of District facilities by the District's engineers.²⁰ This spreadsheet, created in May 2005, includes District-wide totals and campus-by-campus breakdowns of the quantity of the District's equipment eligible for E-Rate funding for maintenance of internal connections during the 2004-2005 school year.²¹ Of particular importance, the information in this spreadsheet also is identical in form and content to that accepted by USAC as sufficient to support the District's Application for E-rate Program funding of internal connections maintenance in Funding Year 2005.²² Because the District is able to confirm the locations of its E-Rate eligible equipment covered by its maintenance contract with Solid It for E-Rate Funding Year 2004, the Commission should not allow USAC to abandon its full E-Rate funding commitment to the District. The funding adjustment determination reached by USAC does not serve the public interest and therefore should be reversed.

Relief Requested

For the reasons discussed herein, the Aldine Independent School District respectfully requests that the Commission grant this Request for Review, reverse the decision of SLD and the Administrator's Decision on Appeal, and order that the District is entitled to receive E-Rate funds in the amount \$2,299,352.94 for Funding Year 4, as directed by USAC's initial

¹⁹ *Northeast Cellular*, 897 F.2d at 1166.

²⁰ See May 2005 Aldine ISD Inventory of E-Rate Eligible Equipment, submitted on CD-ROM with the Affidavit of Rose Chavez (Exhibit RC-1). See also Exhibit A at ¶¶ 4-5.

²¹ See Exhibit RC-1. See also Exhibit A at ¶ 5. For further explanation of the contents of the spreadsheet, please see Exhibit A at ¶¶ 6-8.

²² See Exhibit A at ¶ 9.

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Funding Commitment Decision Letter. The District also requests that the Commission direct USAC to suspend all collection actions on the alleged debt, and further, order that no interest, late payment charges, administrative costs or other penalties accrue on the alleged debt until such time as the Commission issues its final decision on the merits of the District's Request for Review.

Very truly yours,

A handwritten signature in black ink, appearing to read "G. M. Foote", written over the typed name.

George M. Foote
Brett Heather Freedson

Attorneys for Aldine Independent School District

cc: Universal Service Administrator
Universal Service Ombudsman
Gina Spade, Telecommunications Access Policy Division

EXHIBIT A

COUNTY OF HARRIS §
 §
STATE OF TEXAS §

AFFIDAVIT OF ROSE CHAVEZ

BEFORE ME, the undersigned official, on this day personally appeared Rose Chavez, who is personally known to me to be the person whose name is subscribed to this instrument, and who, being duly sworn according to the law upon his oath, deposed and said:

1. My name is Rose Chavez. I am over eighteen (18) years of age, fully competent to testify to the matters stated in this Affidavit, and have personal knowledge of every statement contained in this Affidavit and such statements are true and correct.

2. I am employed by the Aldine Independent School District ("District" or "Aldine ISD") as its technology facilitator for E-Rate. I have held that position since July 1, 2004. In that capacity, I have acquired personal knowledge of the Aldine ISD's E-Rate applications, procedures, and documentation.

3. During E-rate Funding Year 2004, the District contracted with Solid IT Networks ("Vendor") for maintenance and technical support of internal connections equipment. Under the terms of the contract, the District would pay a set per-unit fee in exchange for: (a) any necessary service and replacement parts for all covered equipment; (b) the Vendor's guarantee of an on-site round-the-clock response within four hours of any service request; and (c) access to the Vendor's database of firmware upgrades for the covered equipment.

4. In response to the District's E-Rate Funding Year 2005 application for funding of internal connections maintenance, USAC's PIA (program integrity assurance) requested that Aldine ISD provide a detailed breakdown of the District's E-Rate eligible equipment for each District site, and the dollar amount associated with each site. Because the District's then current inventory did not include break down its E-Rate eligible equipment by location, the District sent its engineers to perform a physical walk-through inspection of its facilities, which was completed in May 2005.

5. The Microsoft Excel spreadsheet appended to this Affidavit as Exhibit RC-1 is a true and correct copy of Aldine ISD's inventory of E-Rate funding eligible internal connections equipment as of the date of the walk-through inspection of the District's facilities in May 2005. This spreadsheet is based on the information gathered during the walk-through inspection and, to the best of my knowledge, is an accurate accounting of the Aldine ISD's equipment eligible for E-Rate funding for internal connections maintenance during both the 2004-2005 and the 2005-2006 school years. To the best of my knowledge, Aldine ISD did not acquire additional units of the equipment included in the inventory during the course of the 2004-2005 school year.

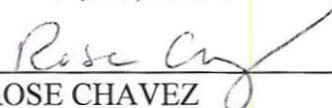
6. The spreadsheet tab labeled "Totals" gives the most general breakdown of the inventory, and the other tabs further detail the specific inventory by location, down to the campus level. Within the "Totals" tab, the "District Quantity" column states the quantity of each

type of equipment for which the District had originally ordered maintenance services from the Vendor for Funding Year 2005. The "Nimitz Area," "Aldine Area," "Eisenhower Area," and "MacArthur Area" columns provide the total quantity of the equipment actually located in each of the District's four geographic areas. The next column, labeled "Total", gives the sum of these four numbers. The numbers in this "Total" column reflect the quantities of equipment in use that were accounted for and verified through the walk-through inspection of all District facilities.

7. The next column, labeled "Difference," states the difference between the numbers in the "District Quantity" and "Total" columns. The "Centralized for Redistribution" column indicates equipment possessed by the District, but not in active use and thus not intended to be covered by the maintenance contract. This equipment is stored in a central location for redistribution to District facilities as needed. The column labeled "Unit Cost" lists the price charged by the Vendor for annual maintenance coverage per unit of the type of the equipment in question in the Funding Year 2005 contract. The "Total District Wide" column states the total price under the contract for maintenance coverage of the equipment verified in the inventory (*i.e.*, the multiplication product of the "Total" and "Unit Cost" columns).

8. In the lower-right corner of the "Totals" tab, the "Total Maintenance Amount" is given. This figure – \$2,414,265.51 – reflects the sum of the "Total District Wide" column (*i.e.*, the total maintenance contract costs for the eligible equipment whose location was verified during the walk-through inspection). The "SLD Portion" and "Aldine Portion" figures assume the maintenance to be 86% funded by E-Rate.

9. The information contained in the Exhibit RC-1 was the only documentation of the location of Aldine ISD's internal connections equipment that was provided to USAC for the District's Funding Year 2005 application. Based on the information in the inventory, Aldine ISD adjusted its funding request for Funding Year 2005. In Funding Year 2005, USAC agreed to fully fund the amount requested by the District of \$2,076,268.34.


ROSE CHAVEZ

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned authority on this the 1st day of October 2008.



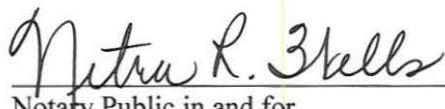

Notary Public in and for
The State of T E X A S
Name: Netra R. Wells
My Commission Expires: 05-17-2011

EXHIBIT RC-1

EXHIBIT B

CONTRACT FOR SERVICES AND/OR PRODUCTS **E-RATE FUNDING YEAR 2004**

	Service Provider "Provider"	School/Library "Applicant"
Company Name:	Solid IT Networks	Aldine Independent School District
Contact Name:	Oliver Newman III	Nadine Kujawa
SPIN:	143024617	
Address:	140 Joyce Lane	14910 Aldine Westfield Road
City, State Zip:	Argyle, Texas 76226	School City, State, Zip
Phone:	1-888-270-1153 ext 82	281-985-6200

SERVICES

The Provider agrees to provide to the Applicant the services and/or products as specified in Bid #RFP Solid-IT IC-05 attached.

RECITALS

Pursuant to the Schools and Libraries Universal Services Support Mechanism (E-Rate) contained in the Universal Service Provisions of the Telecommunications Act of 1996 [47 U.S.C. § 254, Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996) ("1996 Act")], Applicant advertised for certain telecommunications, Internet, and internal connections services. Provider submitted bid to provide same. In accordance with the requirements of the regulations implementing the Act, Applicant considered the bid and determined that it should be accepted. The parties are now ready to enter into a contract for the furnishing of such services and/or products and they set their agreement in writing as follows:

AGREEMENT

For and in consideration of the payment of the sums of money specified herein, together with other good and valuable consideration, Provider does hereby agree to furnish, and Applicant does hereby agree to accept and pay the discounted price for the services bid. Those services and/or products and their prices are listed in Attachment A.

The term of this contract shall commence on July 1, 2004 and shall terminate on June 30, 2005.

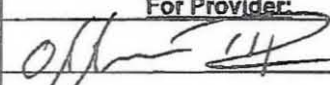
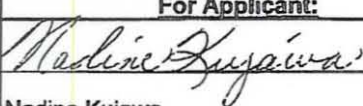
If the Schools and Libraries Division ("SLD"), Administrator of the Universal Services Support Mechanism, or its successor, should fail to approve all of or any part of the services and products covered by this contract, the Applicant shall have the right, at its option, to cancel this contract, as to that part of the services and products disallowed for discount pricing.

If, after approval of discount funding by SLD, Applicant's governing board should fail to approve all of or any part of the services and products covered by this contract, the Applicant shall have the right, at its option, to cancel this contract, as to that part of the services and products disallowed by the governing board.

The total costs of the services and/or products shall not exceed \$2,770,331.25 dollars. In no circumstances shall Applicant be liable for an amount exceeding \$2,770,331.25 dollars unless Applicant's governing board specifically waives this provision in writing.

Provider and Applicant agree to negotiate a complete list of terms and conditions for the services and products provided. Applicant agrees that Provider shall have no liability for the Services and/or Products provided, except as provided in Provider's tariffs, under this Agreement.

Executed and delivered on the day and year first written above.

	For Provider:	For Applicant:
Signature of Authorized Person:		
Printed Name of Authorized Person:	O N Newman III	Nadine Kujawa
Title:	President	Superintendent of Schools
Date:	2/3/2004	2-3-04

Note: Contracts are NOT required for Tariffed and Month-to-Month Services

BID #: RFP Solid-IT IC-05

E-Rate Program Year 2004-05 (Year 7)

Customer Name: Aldine Independent School District

Address: 14910 Aldine Westfield Road

City, State, Zip: School City, State, Zip

Phone: 281-985-6200

Site (ES/MS/HS): Annex (Server Room)

Attention: Nadine Kujawa

Date: 2/2/2004

Proposal/Contract Contingent upon E-rate Funding & School Board Approval					
Quantity	Make	Model #	Item Description	Unit Price	Extended Price
150	Enterasys	6C105	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) 5 slot SmartSwitch 6000 chassis with modular fan tray and two slots for power supplies (power supplies not included, fan tray ships with chassis).	\$ 509.15	\$76,372.50
300	Enterasys	6C205-3	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) 510 Watt AC (100 to 250 Volts) power supply for SmartSwitch 6000 (6C105).	\$ 209.95	\$62,985.00
55	Enterasys	6H258-17	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) 16 port 100BaseFX switch module for the SmartSwitch 6000. 16 MMF ports via MT-RJ connectors and one VHSIM slot.	\$ 2,209.15	\$121,503.25
464	Enterasys	6H202-24	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) High Performance 10/100 Fast Ethernet module for the SmartSwitch 6000 with 24-ports via RJ45 interfaces	\$ 1,189.15	\$551,765.60
138	Enterasys	6H252-17	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) High Performance 10/100 Fast Ethernet module for the SmartSwitch 6000 with 16-ports via RJ45 interfaces and one high speed uplink slot (VHSIM).	\$ 1,104.15	\$152,372.70
42	Enterasys	6E128-26	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) 24 port 10Base-FL SmartSwitch module for the SmartSwitch 6000 (24 ports via MMF ST connectors, plus two FEPIM slots). Purchase FEPIMS separately.	\$ 1,699.15	\$71,364.30
10	Enterasys	6H262-18	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) 16 10/100 ports via RJ45 and two GPIM slots. GPIMs sold separately	\$ 1,019.15	\$10,191.50
44	Enterasys	GPIM-01	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Gigabit ethernet Port Interface Module (GPIM), 1000BaseSX.	\$ 84.15	\$3,702.60
11	Enterasys	GPIM-08	AS-EP-NBD, Express Parts, Next Business Day. (12 Months). Long Haul GPIM (70Km)	\$ 416.20	\$4,578.20
38	Enterasys	HSIM-G09	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Gigabit Ethernet HSIM for any HSIM Host System. Single port support via P802.3z 1000BaseLX (Long-wave) MMF/SMF SC.	\$ 679.15	\$25,807.70
138	Enterasys	HSIM-FE6	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Fast ethernet high speed interface module (HSIM) with two FEPIM slots. Purchase FEPIMS separately	\$ 220.15	\$30,380.70

2/3/2004

145	Enterasys	FE-100FX	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Fast ethernet port interface module (PIM), multimode fiber, SC connectors.	\$ 92.31	\$13,384.95
11	Enterasys	ELS100-S24MGMT	AS-EP-NBD, Express Parts, Next Business Day. (12 Months). (1) ELS100-S24TX2M and (1) ELS100-SMGMT	\$ 112.75	\$1,240.25
137	Enterasys	ELS100-S24TX2M	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Fast Enet stackable switch with 24-port 10/100 TX, 2 rear option slots, and dedicated mgt slot. (Must purchase 1 ELS100-SMGMT per standalone or 1 per	\$ 305.15	\$41,805.55
680	Enterasys	CSIBD-AA-128	AS-EP-NBD, Express Parts, Next Business Day. (12 Months). 128bit Encrypt PC Card (FCC). Service not available at AS-OSR-RTC4 level	\$ 5.65	\$3,842.00
340	Enterasys	RBTR2-AB	AS-EP-NBD, Express Parts, Next Business Day. (12 Months). Wireless Access Platform (120V) For sale in North America	\$ 47.55	\$16,167.00
34	Enterasys	6C107	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) 7 Slot Matrix e7 Chassis, requires 20 Amp power outlet	\$ 1,189.15	\$40,431.10
68	Enterasys	6C207-3	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) AC Input Power Supply Module for the 6C107, requires 20 Amp power outlet	\$ 339.15	\$23,062.20
68	Enterasys	6G306-06	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) 6 Port Gigabit Ethernet Switching Module for the 6C105/6C107. GPIMs (GBICs) ordered separately	\$ 1,699.15	\$115,542.20
136	Enterasys	6H302-48	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) 48 Port RJ 45 10/100 Switch for the 6C105/6C107	\$ 2,209.15	\$300,444.40
68	Enterasys	6H352-25	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) 24 RJ45 10/100 Switch w/VHSIM	\$ 1,818.15	\$123,634.20
136	Enterasys	GPIM-01	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Gigabit ethernet Port Interface Module (GPIM), 1000BaseSX.	\$ 84.15	\$11,444.40
34	Enterasys	GPIM-09	AS-EP-NBD, Express Parts, Next Business Day. (12 Months). Gigabit ethernet Port Interface Module (GPIM), 1000BaseSX	\$ 220.15	\$7,485.10
204	Enterasys	VH-2402S2	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Fast Enet stackable switch with 24-port RJ45 10/100 TX, 2 rear option slots, and dedicated mgt interface.	\$ 169.15	\$34,506.60
306	Enterasys	VH-2402SM2	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) 24 10/100 2 uplink stackable switch incl. Mgt Module VH-SMGMT2	\$ 203.15	\$62,163.90
68	Enterasys	VHIM1000-S1SX	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Vertical Horizon series uplink mod. 1-port 1000Base-SX SC connector.	\$ 101.15	\$6,878.20
102	Enterasys	VHSIM-G6	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Gigabit Ethernet VHSIM for next generation SmartSwitch 6000/2000 products, connectivity provided via hot swappable GPIMs.	\$ 339.15	\$34,593.30

32	Enterasys	ER16-08	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Enterasys Routing Platform 8 Port 1000BASE GBIC module.	\$ 2,940.15	\$94,084.80
8	Enterasys	ER16-AC	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) ERP AC Power Supply (Minimum 2 required, 3 or 4 required for redundancy.)	\$ 441.15	\$3,529.20
8	Enterasys	ER16-CM4-256	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Xpedition ER16 CM4 w/ 256MB memory. Requires system firmware E9.0.7.4 or later, or E9.1.3.0 or later.	\$ 3,399.15	\$27,193.20
8	Enterasys	ER16-CS	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Enterasys Routing Platform Base Chassis with one Switch Fabric Module and a clock card	\$ 3,739.15	\$29,913.20
2	Enterasys	ER16-TX-24	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Enterasys Routing Platform 24 Port 10/100 BASE-TX module via RJ45.	\$ 2,175.15	\$4,350.30
72	Enterasys	GPIM-01	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Gigabit ethernet Port Interface Module (GPIM), 1000BaseSX.	\$ 84.15	\$6,058.80
44	Enterasys	GPIM-08	AS-EP-NBD, Express Parts, Next Business Day. (12 Months). Long Haul GPIM (70Km)	\$ 1,189.15	\$52,322.60
128	Enterasys	GPIM-09	AS-EP-NBD, Express Parts, Next Business Day. (12 Months). Gigabit ethernet Port Interface Module (GPIM), 1000BaseSX	\$ 220.15	\$28,179.20
4	Enterasys	XP-SYS-FW-32	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) X-pedition System Firmware on a 32-MB ATA PCMCIA card.	\$ 679.15	\$2,716.60
2	Enterasys	SSR-16	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) SSR 8600 16 slot base-system including chassis, backplane, modular fan, and a single switch fabric module (SSR-SF-16)	\$ 1,699.15	\$3,398.30
39	Enterasys	SSR-8	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) SmartSwitch Router (SSR) 8000, 8 slot base system, including chassis, backplane and modular fan.	\$ 747.15	\$29,138.85
82	Enterasys	SSR-CM4-256	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Xpedition 8X00 CM4 w/ 256MB memory.	\$ 2,889.15	\$236,910.30
56	Enterasys	SSR-GSX31-04	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) 8X00 4 port 1000BASE SX.	\$ 1,529.15	\$85,632.40
4	Enterasys	SSR-PS-16	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Power Supply for the SmartSwitch Router (SSR) 8600.	\$ 509.15	\$2,036.60
78	Enterasys	SSR-PS-8	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Power Supply Module for the SmartSwitch Router (SSR) 8000.	\$ 271.15	\$21,149.70
2	Enterasys	SSR-SF-16	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) Switch fabric module for the SSR 8600.	\$ 849.15	\$1,698.30
41	Enterasys	XP-PCMCIA-32-AT	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) S-Pedition System Firmware on a 32-MB ATA PCMCIA card.	\$ 186.15	\$7,632.15

41	Enterasys	XP-SYS-FW-32	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) X-Pedition System Firmware on a 32-MB ATA PCMCIA card.	\$ 679.15	\$27,845.15
34	Enterasys	SSR-GLH39-02	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) SSR8000/8600 2 port 1000LX (70KM) Jumbo Frame Module.	\$ 3,399.15	\$115,571.10
34	Enterasys	SSR-GLX29-02-AA	AS-OSR-RTC4, On-Site Response-Round the Clock (4hr). (12 Months) 2 port 1000BaseLX module for the SmartSwitch Router, SCLX ports (for MMF or SMF), and 16MB of memory	\$ 1,274.15	\$43,321.10
				TOTAL:	\$2,770,331.25

Proposed By:

[Signature]
 Oliver Newmann
 Solid IT Networks
 140 Joyce Lane
 Argyle, Texas 76226
 1-800-270-1153 ext 82
 143024617

Date

2/3/04

Accepted By:

[Signature] 2-3-04
 Name Date
 Title *Superintendent*

SEE ATTACHED CONTRACT

EXHIBIT C



Universal Service Administrative Company
Schools & Libraries Division

FUNDING COMMITMENT DECISION LETTER

(Funding Year 2004: 07/01/2004 - 06/30/2005)

January 11, 2005

Mardee Barnett
ALDINE INDEP SCHOOL DISTRICT
1617 Lauder Road
Houston, TX 77039

APPROVED

Re: Form 471 Application Number: 421086
Funding Year 2004: 07/01/2004 - 06/30/2005
Billed Entity Number: 141224
Applicant's Form Identifier: IC-05

Thank you for your Funding Year 2004 E-rate application and for any assistance you provided throughout our review. Here is the current status of the funding request(s) featured in the Funding Commitment Report at the end of this letter.

- The amount, \$2,299,352.94 is "Approved."

Please refer to the Funding Commitment Report on the page following this letter for specific funding request decisions and explanations.

The Important Reminders and Deadlines immediately preceding this letter are provided to assist you throughout the application process.

NEXT STEPS

- Review technology planning approval requirements
- Review CIPA Requirements
- File Form 486
- Invoice the SLD using the Form 474 (service providers) or Form 472 (Billed Entity)

FUNDING COMMITMENT REPORT

On the pages following this letter, we have provided a Funding Commitment Report for the Form 471 application cited above. The enclosed report includes a list of the Funding Request Number(s) (FRNs) from your application. The SLD is also sending this information to your service provider(s) so preparations can be made to begin implementing your E-rate discount(s) after you file your Form 486. Immediately preceding the Funding Commitment Report, you will find a guide that provides a definition for each line of the Report.

TO APPEAL THIS DECISION:

If you wish to appeal the decision indicated in this letter, your appeal must be received by the SLD or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify which Funding Commitment Decision(s) you are appealing. Indicate the relevant funding year and the date of the FCDL. Your letter of appeal must also include the Billed Entity Name, the

Form 471 Application Number, and the Billed Entity Number from the top of your letter.

3. When explaining your appeal, copy the language or text from the Funding Commitment Report that is at the heart of your appeal, to allow the SLD to more readily understand your appeal and respond appropriately. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal.

If you are submitting your appeal on paper, please send your appeal to: Letter of Appeal, Schools and Libraries Division, Box 125 - Correspondence Unit, 80 South Jefferson Road, Whippany, NJ 07981. Additional options for filing an appeal can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site or by contacting the Client Service Bureau. We encourage the use of either the e-mail or fax filing options.

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received by the FCC or postmarked within 60 days of the above date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, sent to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site or by contacting the Client Service Bureau. We strongly recommend that you use either the e-mail or fax filing options.

NOTICE ON RULES AND FUNDS AVAILABILITY

Applicants' receipt of funding commitments is contingent on their compliance with all statutory, regulatory, and procedural requirements of the Schools and Libraries Universal Service Support Mechanism. Applicants who have received funding commitments continue to be subject to audits and other reviews that USAC and/or the FCC may undertake periodically to assure that funds that have been committed are being used in accordance with all such requirements. The SLD may be required to reduce or cancel funding commitments that were not issued in accordance with such requirements, whether due to action or inaction, including but not limited to that by the SLD, the applicant, or the service provider. The SLD, and other appropriate authorities (including but not limited to USAC and the FCC), may pursue enforcement actions and other means of recourse to collect erroneously disbursed funds. The timing of payment of invoices may also be affected by the availability of funds based on the amount of funds collected from contributing telecommunications companies.

Schools and Libraries Division
Universal Service Administrative Company

A GUIDE TO THE FUNDING COMMITMENT REPORT

A report for each E-rate funding request from your application is attached to this letter. We are providing the following definitions for the items in that report.

FORM 471 APPLICATION NUMBER: The unique identifier assigned to a Form 471 application by the SLD.

FUNDING REQUEST NUMBER (FRN): A Funding Request Number is assigned by the SLD to each Block 5 of your Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual funding requests submitted on a Form 471.

FUNDING STATUS: Each FRN will have one of the following definitions:

1. An FRN that is "Funded" is approved at the level that the SLD determined is appropriate for this FRN. The funding level will generally be the level requested unless the SLD determines during the application review process that some adjustment is appropriate.
2. An FRN that is "Not Funded" is one for which no funds were committed. The reason for the decision will be briefly explained in the "Funding Commitment Decision Explanation." An FRN may be "Not Funded" because the request does not comply with program rules, or because the total amount of funding available for this Funding Year was insufficient to fund all requests.
3. An FRN that is "As Yet Unfunded" reflects a temporary status that is assigned to an FRN when the SLD is uncertain at the time the letter is generated whether there will be sufficient funds to make commitments for requests for Internal Connections at a particular discount level. For example, if your application included requests for discounts on both Telecommunications Services and Internal Connections, you might receive a letter with funding commitments for your Telecommunications Services funding requests and a message that your Internal Connection requests are "As Yet Unfunded." You would receive one or more subsequent letters regarding the funding decision on your Internal Connections requests.

SERVICES ORDERED: The type of service ordered from the service provider, as shown on your Form 471.

SPIN (Service Provider Identification Number): A unique number assigned by the Universal Service Administrative Company to service providers seeking payment from the Universal Service Fund for participating in the universal service support mechanisms. A SPIN is also used to verify delivery of services and to arrange for payment.

SERVICE PROVIDER NAME: The legal name of the service provider.

CONTRACT NUMBER: The number of the contract between the eligible party and the service provider. This will be present only if a contract number was provided on your Form 471.

BILLING ACCOUNT NUMBER: The account number that your service provider has established with you for billing purposes. This will be present only if a Billing Account Number was provided on your Form 471.

SERVICE START DATE: The date services were reported to start for this FRN on your Form 471.

CONTRACT EXPIRATION DATE: The date the contract expires. This will be present only if a contract expiration date was provided on your Form 471.

SITE IDENTIFIER: The Entity Number listed in Form 471, Block 5, Item 22a. This will be present only for "site specific" FRNs.

ANNUAL PRE-DISCOUNT AMOUNT FOR ELIGIBLE RECURRING CHARGES: Eligible monthly pre-discount amount approved for recurring charges multiplied by number of months of recurring service approved for the funding year.

ANNUAL PRE-DISCOUNT AMOUNT FOR ELIGIBLE NON-RECURRING CHARGES: Annual eligible non-recurring charges approved for the funding year.

PRE-DISCOUNT AMOUNT: Amount in Form 471, Block 5, Item 23I, as determined through the application review process.

DISCOUNT PERCENTAGE APPROVED BY THE SLD: The discount rate that the SLD has approved for this service.

FUNDING COMMITMENT DECISION: This represents the total amount of funding that the SLD has reserved to reimburse your service provider for the approved discounts for this service for this funding year. It is important that you and your service provider both recognize that the SLD should be invoiced and the SLD may direct disbursement of discounts only for eligible, approved services actually rendered.

FUNDING COMMITMENT DECISION EXPLANATION: This entry provides an explanation of the amount in the "Funding Commitment Decision."

FUNDING COMMITMENT REPORT

Form 471 Application Number: 421086
Funding Request Number: 1160625 Funding Status: Funded
Services Ordered: Internal Connections
SPIN: 143024617 Service Provider Name: Solid IT Network, Inc.
Contract Number: IC-05
Billing Account Number: N/A
Service Start Date: 07/01/2004
Contract Expiration Date: 06/30/2005
Annual Pre-discount Amount for Eligible Recurring Charges: \$.00
Annual Pre-discount Amount for Eligible Non-recurring Charges: \$2,705,121.11
Pre-discount Amount: \$2,705,121.11
Discount Percentage Approved by the SLD: 85%
Funding Commitment Decision: \$2,299,352.94 - FRN approved; modified by SLD
Funding Commitment Decision Explanation: The dollars requested were reduced to remove the ineligible: Management modules maintenance and the services for Gears Middle School and the PC Encryption Cards.

EXHIBIT D



Schools & Libraries Division

Notification of Commitment Adjustment Letter

Funding Year 2004: 7/01/2004 - 6/30/2005

September 19, 2007

**Mardee Barnett
ALDINE INDEP SCHOOL DISTRICT
1617 Lauder Road
Houston, TX 77039 3028**

**Re: Form 471 Application Number: 421086
Funding Year: 2004
Applicant's Form Identifier: IC-05
Billed Entity Number: 141224
FCC Registration Number: 0011612090
SPIN Name: Solid IT Networks, Inc.
Service Provider Contact Person: Oliver Newman**

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were committed in violation of program rules.

In order to be sure that no funds are used in violation of program rules, the Universal Service Administrative Company (USAC) must now adjust your overall funding commitment. The purpose of this letter is to make the adjustments to your funding commitment required by program rules, and to give you an opportunity to appeal this decision. USAC has determined the applicant is responsible for all or some of the program rule violations. Therefore, the applicant is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of the Demand Payment Letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at <http://www.universalservice.org/fund-administration/tools/latest-news.aspx#083104> for more information regarding the consequences of not paying the debt in a timely manner.

TO APPEAL THIS DECISION:

If you wish to appeal the Commitment Adjustment Decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Numbers you are appealing. Your letter of appeal must include the Billed Entity Name, the Form 471 Application Number, Billed Entity Number, and FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow the SLD to more readily understand your appeal and respond appropriately. Please keep your letter specific and brief, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal.

If you are submitting your appeal electronically, please send your appeal to appeals@sl.universalservice.org using your organization's e-mail. If you are submitting your appeal on paper, please send your appeal to: Letter of Appeal, Schools and Libraries Division, Dept. 125 - Correspondence Unit, 100 South Jefferson Road, Whippany, NJ 07981. Additional options for filing an appeal can be found in the "Appeals Procedure" posted in the Appeals Area of the SLD section of the USAC web site or by contacting the Client Service Bureau at 1-888-203-8100. We strongly recommend that you use the electronic appeals options.

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site, or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

FUNDING COMMITMENT ADJUSTMENT REPORT

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from your application for which adjustments are necessary. Immediately preceding the Report, you will find a guide that defines each line of the Report.

The SLD is also sending this information to your service provider(s) for informational purposes. If USAC has determined the service provider is also responsible for any rule violation on these Funding Request Numbers, a separate letter will be sent to the service provider detailing the necessary service provider action.

Please note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Please note the Funding Commitment Adjustment Explanation in the attached Report. It explains why the funding commitment is being reduced. Please ensure that any invoices that you or your service provider submit to USAC are consistent with program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds your Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the applicant is responsible for repaying.

Schools and Libraries Division
Universal Services Administrative Company

cc: Oliver Newman
Solid IT Networks, Inc.

A GUIDE TO THE FUNDING COMMITMENT ADJUSTMENT REPORT

A report for each E-rate funding request from your application for which a commitment adjustment is required is attached to this letter. We are providing the following definitions for the items in that report.

FUNDING REQUEST NUMBER (FRN): A Funding Request Number is assigned by the SLD to each individual request in your Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

SERVICES ORDERED: The type of service ordered from the service provider, as shown on Form 471.

SPIN (Service Provider Identification Number): A unique number assigned by the Universal Service Administrative Company to service providers seeking payment from the Universal Service Fund for participating in the universal service support mechanisms. A SPIN is also used to verify delivery of services and to arrange for payment.

SERVICE PROVIDER NAME: The legal name of the service provider.

CONTRACT NUMBER: The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on your Form 471.

BILLING ACCOUNT NUMBER: The account number that your service provider has established with you for billing purposes. This will be present only if a Billing Account Number was provided on your Form 471.

SITE IDENTIFIER: The Entity Number listed in Form 471, Block 5, Item 22a. This number will only be present for "site specific" FRNs.

ORIGINAL FUNDING COMMITMENT: This represents the original amount of funding that SLD had reserved to reimburse you for the approved discounts for this service for this funding year.

COMMITMENT ADJUSTMENT AMOUNT: This represents the amount of funding that SLD has rescinded because of program rule violations.

ADJUSTED FUNDING COMMITMENT: This represents the adjusted total amount of funding that SLD has reserved to reimburse for the approved discounts for this service for this funding year. If this amount exceeds the Funds Disbursed to Date, the SLD will continue to process properly filed invoices up to the new commitment amount.

FUNDS DISBURSED TO DATE: This represents the total funds that have been paid to the identified service provider for this FRN as of the date of this letter.

FUNDS TO BE RECOVERED FROM APPLICANT: This represents the amount of improperly disbursed funds to date as a result of rule violation(s) for which the applicant has been determined to be responsible. These improperly disbursed funds will have to be recovered from the applicant.

FUNDING COMMITMENT ADJUSTMENT EXPLANATION: This entry provides an explanation of the reason the adjustment was made.

**Funding Commitment Adjustment Report for
Form 471 Application Number: 421086**

Funding Request Number:	1160625
Services Ordered:	INTERNAL CONNECTIONS
SPIN:	143024617
Service Provider Name:	Solid IT Networks, Inc.
Contract Number:	IC-05
Billing Account Number:	
Site Identifier:	141224
Original Funding Commitment:	\$2,299,352.94
Commitment Adjustment Amount:	\$2,299,352.94
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$2,299,352.94
Funds to be Recovered from Applicant:	\$2,299,352.94
Funding Commitment Adjustment Explanation:	

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$2,299,352.94. During the course of an audit it was determined that funding was provided for ineligible Basic Maintenance of Internal Connections. The program rules state that Basic Maintenance services are eligible for funding if they are a component of a maintenance agreement/contract for an eligible service or product, which must specifically identify the eligible products or service covered, including product name, model number, and location. The requested Basic Maintenance of Internal Connections is determined to be ineligible because your maintenance agreement/contract did not specify the location of eligible products or services for which the Basic Maintenance was to be provided. The pre-discount cost associated with these items is \$2,705,121.11, respectively, for a total ineligible amount of \$2,705,121.11. At the applicant's 85 percent discount rate this resulted in an improper commitment of \$2,299,352.94. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, www.universalservice.org/sl/about/eligible-services-list.aspx for the Eligible Services List. Therefore, USAC has determined that both the applicant and the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$2,299,352.94 and if the recovery of improperly disbursed funds is required USAC will seek recovery from both the applicant and the service provider.

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR
CHECK TO ENSURE TIMELY PROCESSING**

EXHIBIT E



Aldine Independent School District
Broad Prize 2004 and 2005 National Finalist

*Producing the
Nation's Best*

October 30, 2007

Steve Casavant
Letter of Appeal
Schools and Libraries Division
Division, Dept. 125 - Correspondence Unit
100 South Jefferson Road
Whippany, NJ 07981

RE: Notification to Appeal to Commitment Adjustment Letter

Contact person: Mardee Barnett, 1617 Lauder Road, Houston, Texas, 77039
(281)985-7172, (281)985-6166, mbarnett@aldine.k12.tx.us

Billed Entity Name:	Aldine ISD	FCC Registration #:	0011612090
Form 471 Application #:	421086	Funding Year:	2004
Billed Entity Number:	141224	Applicant's Form Identifier:	IC-05

Dear Mr. Casavant,

This is a notification to appeal the Commitment Adjustment Letter dated September 19, 2007. To the best of our knowledge, we complied with all rules and regulations and the documentation was correct. The district's application passed the PIA, and although the descriptive information in the ESL was changed there was no specific notation highlighting that change. It is the district's belief that if that descriptive change were critical to funding there should have been such a notation in the description and the issue should have been identified through the PIA. We would like to appeal USAC's decision to recover \$2,299,352.94 and request you reconsider the commitment adjustment.

The Eligible Service List (ESL) dated on October 18, 2002, states:

Technical Support is only eligible if it is a component of a maintenance agreement/contract for an eligible service or product, and it must specifically identify the eligible products or service covered by the contract.

This ESL was used during the planning stages for the 2003 and 2004 erate applications.

On October 10, 2003, SLD released a new eligible services list that states:

Basic Maintenance services are eligible for funding if they are a component of a maintenance agreement/contract for eligible service or products, which must specifically identify the eligible products or service covered, including product name, model number, and location.

In reviewing the new rules, stated on page 1, paragraph 4, "Some eligibility information in this List is a change from prior years and applies to products and service funding requests for Funding Year 2004 and later years. A notation to this effect is provided in the

descriptive information for relevant entries." We could not find where SLD noted these changes.

We have carefully reviewed our internal processes for this particular year. Aldine underwent major staff changes in the 2003 and 2004 funding years, including the departure of the director and his two employees who were responsible for the 2004 application.

SLD established Program Integrity Assurance Team, or PIA Team, to review applications very carefully to be sure we comply with these rules. Aldine was selected for a PIA review for 2004 and our application passed the PIA team's close scrutiny. SLD is responsible for making sure that the discounts applicants receive are for eligible services provided to eligible entities for eligible uses, according to FCC rules. Our Item 21 Attachment submission, which is required as part of the Form 471, was reviewed by PIA. Included in the submission was our contract for basic maintenance. We now acknowledge that it met the 2003 ESL, but not the 2004 ESL. Since it was funded, we believed that we had met the required standards and had the critical items needed to proceed. Had PIA review found us to be out of compliance, we would have complied as we did in the 2005 PIA review when "location" came into question. We immediately had our team of engineers perform a walk-through inventory and submitted it for review which was then funded.

We agree with the KPMG auditors and USAC that in 2004 we did not meet all requirements for tracking of inventory including location of the covered equipment in our inventory controls, and apologize for the oversight. As stated above, key personnel responsible for inventory documentation, e-rate applications and approval of all filings were no longer available. Aldine ISD corrected the error in the following years, 2005 and 2006. An inventory walk-through which included a physical count and location of all equipment was completed to meet SLD guidelines. In 2007, an asset tracking system for all network equipment was implemented and is maintained to include all required information: make, model, serial numbers, location, sub-location, asset tag number, and system name; as well as tracking all transfers, replacements, and end of life equipment.

Aldine has always made a tremendous effort to meet SLD requirements and has made tracking our inventory a key priority. We serve a low-income community, as our 88% discount reflects, and returning \$2.3 million would be a severe hardship. We respectfully request that you reconsider any commitment adjustment requested by USAC to recognize that our inventory met 2 out of the 3 USAC requirements in the year in question. We would like to respectfully state that we consider the PIA review to be a helpful intervention and would have immediately corrected any deficiencies documented in that review. None were found, leading us to believe that our application was correct and fundable.

Through the guidance from Cynthia Beach of USAC and the auditors of KPMG, you have helped us to improve Aldine's inventory tracking system, which has become an essential part of our technology department's processes. Thank you for considering our acknowledgement of error and request to re-evaluate the commitment adjustment.

Sincerely,



Mardee Barnett
Executive Director of Technology Services

EXHIBIT F

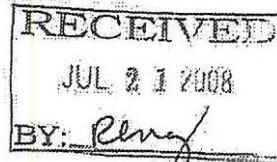


Universal Service Administrative Company
Schools & Libraries Division

Administrator's Decision on Appeal – Funding Year 2004-2005

July 17, 2008

Mardee Barnett
Aldine Independent School District
1617 Lauder Road
Houston, TX 77039



Re: Applicant Name: ALDINE INDEP SCHOOL DISTRICT
Billed Entity Number: 141224
Form 471 Application Number: 421086
Funding Request Number(s): 1160625
Your Correspondence Dated: October 30, 2007

After thorough review and investigation of all relevant facts, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal of USAC's Funding Year 2004 Commitment Adjustment Letter for the Application Number indicated above. This letter explains the basis of USAC's decision. The date of this letter begins the 60 day time period for appealing this decision to the Federal Communications Commission (FCC). If your Letter of Appeal included more than one Application Number, please note that you will receive a separate letter for each application.

Funding Request Number(s): 1160625
Decision on Appeal: **Denied**
Explanation:

- During the appeal review process, it was determined that the documentation submitted by the Aldine Independent School District identified the products and the physical location of \$521,734.63 worth of equipment. While the documents you submitted on February 28, 2008, that are titled "Aldine Independent School District Network Inventory by Loc/Com" indicate the specific location of equipment within the Aldine Independent School District, your May 28, 2008 email states that "the service provider did not track location either at that time." Even after consultation with the Service Provider, you are not able to provide support verifying the actual maintenance that was performed; therefore, the appeal is denied since the issue of the contract not listing the location of the contracted equipment or the document retention required by program rules has not been satisfied.

If your appeal has been approved, but funding has been reduced or denied, you may appeal these decisions to either USAC or the FCC. For appeals that have been denied in full, partially approved, dismissed, or canceled, you may file an appeal with the FCC. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC website or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

We thank you for your continued support, patience and cooperation during the appeal process.

Schools and Libraries Division
Universal Service Administrative Company

EXHIBIT G



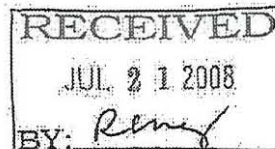
Schools & Libraries Division

Demand Payment Letter

Funding Year 2004: 7/01/2004 - 6/30/2005

July 18, 2008

**Mardee Barnett
ALDINE INDEP SCHOOL DISTRICT
1617 Lauder Road
Houston, TX 77039 3028**



**Re: Form 471 Application Number: 421086
Funding Year: 2004
Applicant's Form Identifier: IC-05
Billed Entity Number: 141224
FCC Registration Number: 0011612090
SPIN Name: Solid IT Networks, Inc.
Service Provider Contact Person: Oliver Newman**

You were previously sent a Notification of Commitment Adjustment Letter informing you of the need to recover funds for the Funding Request Number(s) (FRNs) listed on the Funding Commitment Adjustment Report (Report) attached to the Notification of Commitment Adjustment Letter. A copy of that Report is attached to this letter. Immediately preceding the Report, you will find a guide that defines each line of the Report.

The balance of this debt is due within 30 days from the date of this letter. Failure to pay the debt within 30 days from the date of this letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at <http://www.universalservice.org/fund-administration/tools/latest-news.aspx#083104> for more information regarding the consequences of not paying the debt in a timely manner.

If the Schools and Libraries Division (SLD) has determined that both the applicant and the service provider are responsible for a program rule violation, then, pursuant to the Order on Reconsideration and Fourth Report and Order (FCC 04-181), the SLD will seek recovery of the improperly disbursed amount from BOTH parties and will continue to seek recovery until either or both parties have fully paid the debt. If the SLD has determined that both the applicant and the service provider are responsible for a program rule violation, this was indicated in the Funding Commitment Adjustment Explanation on the Funding Commitment Adjustment Report.

If the SLD is attempting to collect all or part of the debt from both the applicant and the service provider, then you should work with your service provider to determine who will be repaying the

debt to avoid duplicate payment. Please note, however, that the debt is the responsibility of both the applicant and service provider. Therefore, you are responsible for ensuring that the debt is paid in a timely manner.

Please remit payment for the full "Funds to be Recovered from Applicant" amount shown in the Report. To ensure that your payment is properly credited, please include a copy of the Report with your check. Make your check payable to the Universal Service Administrative Company (USAC).

If sending payment by U. S. Postal Service or major courier service (e.g. Airborne, Federal Express, and UPS) please send check payments to:

Universal Service Administrative Company
1259 Paysphere Circle
Chicago, IL 60674

If you are located in the Chicago area and use a local messenger rather than a major courier service, please address and deliver the package to:

Universal Service Administrative Company
Lockbox 1259
540 West Madison 4th Floor
Chicago, IL 60661

Local messenger service should deliver to the Lockbox Receiving Window at the above address.

Payment is due within 30 days from the date of this letter.

Complete program information is posted to the SLD section of the USAC web site at www.universalservice.org/sl/. You may also contact the SLD Technical Client Service Bureau by e-mail using the "Submit a Question" link on the SLD web site, by fax at 1-888-276-8736 or by phone at 1-888-203-8100.

Universal Service Administrative Company
Schools and Libraries Division

cc: Oliver Newman
Solid IT Networks, Inc.

A GUIDE TO THE FUNDING COMMITMENT ADJUSTMENT REPORT

A report for each E-rate funding request from your application for which a commitment adjustment is required is attached to this letter. We are providing the following definitions for the items in that report.

FUNDING REQUEST NUMBER (FRN): A Funding Request Number is assigned by the SLD to each individual request in your Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

SERVICES ORDERED: The type of service ordered from the service provider, as shown on Form 471.

SPIN (Service Provider Identification Number): A unique number assigned by the Universal Service Administrative Company to service providers seeking payment from the Universal Service Fund for participating in the universal service support mechanisms. A SPIN is also used to verify delivery of services and to arrange for payment.

SERVICE PROVIDER NAME: The legal name of the service provider.

CONTRACT NUMBER: The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on your Form 471.

BILLING ACCOUNT NUMBER: The account number that your service provider has established with you for billing purposes. This will be present only if a Billing Account Number was provided on your Form 471.

SITE IDENTIFIER: The Entity Number listed in Form 471, Block 5, Item 22a. This number will only be present for "site specific" FRNs.

ORIGINAL FUNDING COMMITMENT: This represents the original amount of funding that SLD had reserved to reimburse you for the approved discounts for this service for this funding year.

COMMITMENT ADJUSTMENT AMOUNT: This represents the amount of funding that SLD has rescinded because of program rule violations.

ADJUSTED FUNDING COMMITMENT: This represents the adjusted total amount of funding that SLD has reserved to reimburse for the approved discounts for this service for this funding year. If this amount exceeds the Funds Disbursed to Date, the SLD will continue to process properly filed invoices up to the new commitment amount.

FUNDS DISBURSED TO DATE: This represents the total funds that have been paid to the identified service provider for this FRN as of the date of this letter.

FUNDS TO BE RECOVERED FROM APPLICANT: This represents the amount of improperly disbursed funds to date as a result of rule violation(s) for which the applicant has been determined to be responsible. These improperly disbursed funds will have to be recovered from the applicant.

FUNDING COMMITMENT ADJUSTMENT EXPLANATION: This entry provides an explanation of the reason the adjustment was made.

Funding Commitment Adjustment Report
Form 471 Application Number: 421086

Funding Request Number:	1160625
Services Ordered:	INTERNAL CONNECTIONS
SPIN:	143024617
Service Provider Name:	Solid IT Networks, Inc.
Contract Number:	IC-05
Billing Account Number:	
Site Identifier:	141224
Original Funding Commitment:	\$2,299,352.94
Commitment Adjustment Amount:	\$2,299,352.94
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$2,299,352.94
Funds to be Recovered from Applicant:	\$2,299,352.94

Funding Commitment Adjustment Explanation:

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$2,299,352.94. During the course of an audit it was determined that funding was provided for ineligible Basic Maintenance of Internal Connections. The program rules state that Basic Maintenance services are eligible for funding if they are a component of a maintenance agreement/contract for an eligible service or product, which must specifically identify the eligible products or service covered, including product name, model number, and location. The requested Basic Maintenance of Internal Connections is determined to be ineligible because your maintenance agreement/contract did not specify the location of eligible products or services for which the Basic Maintenance was to be provided. The pre-discount cost associated with these items is \$2,705,121.11, respectively, for a total ineligible amount of \$2,705,121.11. At the applicant's 85 percent discount rate this resulted in an improper commitment of \$2,299,352.94. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, www.universalservice.org/sl/about/eligible-services-list.aspx for the Eligible Services List. Therefore, USAC has determined that both the applicant and the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$2,299,352.94 and if the recovery of improperly disbursed funds is required USAC will seek recovery from both the applicant and the service provider.

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